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No. 82-831

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

BRUCE A. KOCK,

Petitioner,

–VS.–

THE QUAKER OATS COMPANY, et al.,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

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QUESTION PRESENTED FOR REVIEW

Of the two questions posed by Petitioner, the first is in proper form while the second is defective in that it misstates the facts as found by the courts below, namely that the sale of Kock's invention was for "testing and experimenting" rather than for commercial exploitation, and that such sale was "under the terms of secrecy", rather than without limitation as to the use or disposition of the invention by the purchaser thereof. Accordingly, the sole question presented is:

Was Kock's invention on sale in this country more than one year prior to the date of his application for a patent in the United States?

RULE 28.1 LISTING

Respondents	*Parent Companies, Subsidiaries (Except Wholly Owned Subsidiaries) and Affiliates*
F. W. Woolworth, Inc.	None
Toys "R" Us, Inc.	Petrie Stores, Inc.
Longs Drug Stores, Inc.	None
Carter Hawley Hale Stores, Inc.	None
Sears, Roebuck and Co.	Actmedia, Inc. Acuna-Ropa, S. A. Allstate Service Stations, Ltd. (Canada) American Waterproofing Corporation Apcom, Inc. Arco Wheel, Inc. Arizona Public Service Co. Armstrong Acceptance Co., Inc. Armstrong Rubber Company, The Armstrong Rubber Export, Ltd. Armstrong Rubber International, Ltd. Ashley's The Outlet Store, Inc. Bannister Mall Co. Baron Data Systems Black Hills Power & Light Co.

Bonded Fibre Products (Southern) Ltd.
Brae Corporation
Carrefour de L'Estre Inc.
Carrefour Richelieu Realties Ltd.
Central Illinois Light Company
Central Illinois Public Service Co.
Central Telephone Company
Centre Commercial De L'Autoroute L'Tee
Centre Commerciaux Regionaux du Quebec Ltee.
Centro Comercial Plaza Satelite (Trust) (Mexico)
Centro Comercial Plaza Universidad (Trust) Mexico)
Coldwell, Banker & Company
Commerce Consolidators Corporation
Commonwealth Edison
Computer Printers International, Inc.
Coudelle House Ltd.
Consumers Power Company
Contill Realty Ltd. (Canada)
Conver Corporation
Copolymer International Incorporated
Copolymer Rubber & Chemical Corporation
Cornwall Square Development
Cottonwood Corners Inc.
Crown Semiconductor, Inc.
Dart Transportation Service
Dart Warehouse Corporation

Dart Equipment Corporation
Delta Data Systems Corporation
DeSoto, Inc.
DeSoto Coatings, Ltd.
Direct Tire Sales, Inc.
Donald Fox and Partners (Underwriting Management) Limited
Dover Associates
Duquesne Light Company
Eastgate Company
Elmhurst Maintenance, Inc.
Equatorial Communications Company
Form-O-Uth, Inc.
Form-O-Uth de El Salvador, S. A. de C. V.
429348 Ontario Ltd.
Fruitbelt Motor Service, Inc. (Ill.)
GradeMark of Los Angeles, Ltd.
Grimsby Stove and Furnace Ltd. (Canada)
Harold Williams (1964) Ltd.
Homan Services, Inc.
Houdaille Industries, Inc.
Hot Springs Mall Assoc.
Huntsville Assoc.
Hurco Manufacturing Company, Inc.
IDS Holding Corporation
Industrial Data Terminals Corporation
Industrias Vematec, S. A. (Venezuela)
International Communications Sciences, Inc.

International Video Corporation
Iowa Illinois Gas and Electric Co.
Jackson Distribution Center, Incorporated
John Inglis Co. Limited
John Rennie Ltd. (Canada)
Justinian Developments Ltd.
Kansas Gas and Electric Company
Kelfor Holding Ltd. (Canada)
Kellwood Company
Kellwood International, Inc.
Kellwood International Limited
Keltyboots, Inc.
Kelty Pack, Inc.
Kenmore Restaurants, Ltd. (Canada)
Kerrybrooke Development Ltd. (Canada)
Kerrytor Ltd.
Kingsway Imports Ltd. (Canada)
Lafayette Assoc.
Leaseway Warehouses, Inc.
Leger Corporation
Logisticon, Inc.
Manchester Manufacturing Inc.
Matemexico, S. A. de C. V.
Maul Technology Corp.
Metromail Corporation
Micro-Mex, S. A. de C. V.
Minnesota Power and Light
Monterey Mills, Inc.
Monterey Mills of Tennessee, Inc.

Mountain Fuel Supply Company
Neighborhood TV Company, Inc.
Newpark Plaza Assoc.
Newsub Co.
Nicor, Inc.
Pacific Power and Light
Pennsylvania Power & Light Company
Peoples Energy, Corp.
Photo Engravers and Electrotypers Limited (Canada)
Pine Centre Mall
Place Vertu
Priam Corporation
Project 200 Properties Ltd. (Canada)
Public Service of Indiana
Quator Realty Ltd. (Canada)
Quilted Textiles Corporation
Regbrooke Ltd.
Regional Shopping Centre Ltd. (Canada)
Regional Shopping Centres (Canada) Ltd.
Rennie Industries, Ltd. (Canada)
Ray-Max Srs., S. A. de C. V.
Richmond Converters, Inc.
Roper Canada Limited
Roper Corporation
Roper International Sales Corp.
Sanyo Manufacturing Corporation
Sarana Lighting, Inc.
Seguros del Atlantico, S. A. (Mexico)

Seragen, Inc.
Signal Delivery Service, Inc.
Simpsons-Sears Limited (Canada)
Simpsons-Sears Acceptance Co., Ltd. (Canada)
Simpsons-Sears Properties Ltd. (Canada)
Smart Shirts Limited
Southern California Edison Company
Southern Connecticut Gas Company
Stahl-Urban Company
State Industries, Inc.
St. Laurent Shopping Center Ltd. (Canada)
Supervised Parking (Ontario) Ltd. (Canada)
Surrey Place Ltd. (Canada)
Swift Textiles, Inc.
Swift Textiles (DISC) Corporation
Textile Fibre Associates, Inc.
Thermasol, Ltd.
Titan Wood Products Limited
Tri-W Corporation
Union Electric Company
Unity Oil Inc.
Universal Health Services, Inc.
U.S. Windpower, Inc.
Vantor Realty Ltd. (Canada)
Vetements En Vogue Ltee.
Volunteer Tool & Die Co.
Wadsworth Control Systems, Inc.
Welsback Concrete Systems Corp.
Wenzel Company, The

Western Pennsylvania Water Company
Wintor Realty Ltd. (Canada)
Cliffwood Energy Company
Executrans, Inc.
Greenbriar Mall Venture
Jackson Properties
Kro-Mar Associates Limited Partnership
North Shore Square Associates
Safe-T-Lawn, Inc.
Sears, Roebuck Servicios de Chile Limitada
Seras, Roebuck de Venezuela, S. A. (Venezuela)
Universal-Rundle Corporation
Valdosta Mall Assoc.

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ON PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

The Petition in this case, received November 19, 1982, is based solely on a claimed conflict between the decision of the Ninth Circuit and a decision of this Court. None of the other Rule 17 grounds, such as a conflict with a decision of another federal court of appeals or the presence of an important question of federal law, are asserted. Respondents F.W. Woolworth, Inc., Toys "R" Us, Inc., Carter Hawley Hale Stores, Inc., Sears, Roebuck and Co. and Longs Drug Stores, Inc.[1] submit that no

[1] The patent infringement counts at issue on appeal were dismissed as to the remaining named defendants in view of either the lack of venue or the failure of Petitioner to effect service thereon. The Rule 28.1 listing with regard to Respondents is contained at pages ii-viii.

conflict is presented with a decision of this Court, that nothing about this patent case warrants review by this Court, and that the Petition should accordingly be denied.

CORRECTED STATEMENT OF THE CASE

Petitioner misstates or omits several key facts found by the courts below.

First, the Manufacturing Agreement dated April 28, 1967 (more than one year prior to the effective date of application of the patents in suit, May 3, 1968), in paragraph 1 thereof, contains unequivocal language of sale of all rights to Petitioner's "invention". (A-2, n. 1).[2]

Second, on April 28, 1967, Petitioner unconditionally sold and delivered to the purchaser of his invention a fully operative prototype watch which had been completed in December, 1966. The prototype watch corresponded precisely to the structure shown in the drawings of the patents in suit, described in the specifications of the patents in suit and claimed in the claims of the patents in suit, and represented a reduction to practice of the "invention" claimed in the claims of the patents in suit. (A-1, n. 1, par. 2; SA-3, par. 8).

Third, the Manufacturing Agreement of April 28, 1967, which sold Petitioner's invention and prototype, contains no limitation whatsoever over the purchaser's "full dominion over the invention", the Petitioner having "waived all control over the future course of the invention." (A-2-3, n. 1; A-18-19). Contrary to Petitioner's representation, there is no reference to "secrecy" in the Agreement.

Fourth, at least as early as January 10, 1967, Petitioner furnished to his patent attorneys a full disclosure of his "invention", which corresponded to the specifications, claims and drawings

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[2] Reference is to the decision of the Ninth Circuit contained in an Appendix forming a part of the Petition. The decision of the District Court below is contained in a separate Appendix submitted by Petitioner, which will be cited as "SA-_".

of the patents in suit. Petitioner withheld the filing of the application leading to the patents in suit until May 3, 1968 for the express purpose of extending the term of his monopoly. (SA-3, pars. 6 and 7). This finding is based on Petitioner's explanation for the delay in filing the patent application that:

> It's my policy then and now not to patent anything until I need to, because--or to make a disclosure until I need to, because that gives a patent a longer life.

REASONS WHY THE WRIT SHOULD BE DENIED

1. There Is No Conflict Between The Decision Of The Ninth Circuit And A Decision Of This Court

The Petitioner claims that the decision of the Ninth Circuit conflicts with and misinterprets this Court's decision in *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126 (1878). *City of Elizabeth* is often cited as the source of the experimental use exception to the on sale doctrine under 35 U.S.C. 102(b). In that case, this Court repeatedly states the test for experimental use, as requiring that such use be under the direction, supervision or control of the inventor:

> The use of an invention by the inventor himself, or *of any other person under his direction*, by way of experiment, and in order to bring the invention to perfection, has never been regarded as such a [public] use.

Id. at 134. (Emphasis added).

> So long as he does not *voluntarily allow others to make it and use it*, and so long as it is not on sale for general use, *he keeps the invention under his own control*, and does not lose his title to a patent.

Id. at 135. (Emphasis added).

> Still, *if used under the surveillance of the inventor*, and for the purpose of enabling him to test the ma-

> chine and ascertain whether it will answer the purpose intended . . . .

Ibid. (Emphasis added).

In *City of Elizabeth*, this Court explained the need for a public use and on sale rule such as is now contained in 35 U.S.C. §102(b), as preventing the inventor from acquiring "an undue advantage over the public by delaying to take out the patent", since such a delay would serve to "preserve the monopoly" to the inventor "for a longer period than is allowed by the policy of the law . . . ." *Id.* at 137.

That the essence of experimental use is direction, supervision or control over the experimentation was made clear by this Court in *Egbert v. Lippmann*, 104 U.S. 333 (1881), wherein this Court stated:

> If an inventor, having made his device, gives or sells it to another, to be used by the donee or vendee, *without limitation or restriction, or injunction of secrecy*, and it is so used, such use is public, within the meaning of the statute, even though the use and knowledge of the use may be confined to one person.

Id. at 336. (Emphasis added).

Consistent with the foregoing, and in reliance thereon, the Ninth Circuit found that:

> If the buyer has the authority to use an invention commercially or sell it to others without regard to any duty to experiment further, there is a sale within section 102(b), and the exception for experiment does not apply. . . . In the case of an actual sale, the issue is what use the buyer *might make* of the invention. If a sale of an invention made before the critical date allows the buyer the possibility of nonexperimental use, any patent obtained will be invalid under section 102(b).

(A-12-13).

In the instant case, the Ninth Circuit found that the Manufacturing Agreement "must be interpreted to permit . . . [the purchaser] to exercise complete control over commercial use and exploitation of the invention, without any obligation to experiment. . . . The agreement at issue here . . . makes clear that the inventor waived all control over the future course of the invention." (A-18-19). For this reason, the Ninth Circuit found a sale of the invention, a sale which the District Court had found was for the express purpose of wrongfully extending the monopoly contrary to the policy embodied in Section 102(b).

Not only is the decision of the Ninth Circuit consistent with the early decisions of this Court, it is consistent with the rule followed by the newly established Court of Appeals for the Federal District. *Application of Dybel*, 524 F.2d 1393, 1399, 1401 (C.C.P.A. 1975).[3]

The rule as enunciated by this Court and followed by the Ninth Circuit is fully consistent with the public policy of the patent law. The rule does not discourage experimentation, but merely encourages the timely filing of patent applications once the invention passes out of the control of the inventor, to thereby insure that the patent monopoly is not extended beyond its intended term. All that the inventor or the purchaser need do to avoid the consequence of Section 102(b) is to file an application for patent within a year of the "sale". Petitioner, having failed to do so, cannot claim the benefit of the patent laws for his invention.

2. This Case Is Not Appropriate For Review By The Supreme Court

This is an ordinary patent case presenting no issue worthy of review by this Court. In reality, Petitioner is complaining that the courts below found that he had not met his burden of

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[3] The new Court of Appeals for the Federal Circuit has announced that it will treat the holdings of its predecessor courts, the United States Court of Claims and the United States Court of Customs and Patent Appeals, as binding precedent. *South Corp. v. U.S.*, _ F.2d. _, 215 U.S.P.Q. 657, 658 (Fed. Cir. 1982).

proving experimental use. (A-19). *Smith & Griggs Mfg. Co. v. Sprague*, 123 U.S. 249, 256 (1887); *Application of Dybel*, 524 F.2d, *supra* at 1400.

Congress has now vested exclusive appellate jurisdiction over patent cases in the new Court of Appeals for the Federal Circuit (CAFC). 28 U.S.C. §1295 *et seq*. The CAFC can be expected to resolve open questions and disputes in patent cases, where they exist. It is submitted that the law pertinent to "experimental use" as applied to the facts in this case is clear. However, uncertainties, if any, are better left to the CAFC for resolution. Action at this time by this Court is unnecessary.

CONCLUSION

The decision of the Ninth Circuit denying Petitioner's claims is manifestly correct. No conflict between that decision and any decision of the Supreme Court has been demonstrated. Accordingly, it is respectfully submitted that the Petition for writ of certiorari should be denied.

Respectfully submitted,

By: _____

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December 16, 1982